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Power Integrations, Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

Kimberly Quaco, Derivatively on Behalf of
Nominal Defendant POWER
INTEGRATIONS, INC.,

Plaintiff,

v.

Balu Balakrishnan, et al.

Defendants,

Power Integrations, Inc.,

Nominal Defendant.

Case No. C-06-2811-MHP

**STIPULATION AND ~~PROPOSED~~ ORDER
RE EXTENSION OF TIME TO FILE
RESPONSE TO CONSOLIDATED
COMPLAINT AND RESCHEDULING
HEARING ON MOTION TO DISMISS FOR
FAILURE TO COMPLY WITH
SHAREHOLDER DEMAND REQUIREMENT**

Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power Integrations, Inc. ("Power Integrations") and Representative Plaintiffs Geoffrey Wren, Kimberly Quaco, and Christopher DeBoskey ("Plaintiffs"), by and through their respective counsel of record, hereby stipulate and agree to extend the time for Power Integrations to respond to the Consolidated Complaint by 60 days. In addition, all parties stipulate to a stay of these proceedings for 60 days in order to allow the parties to pursue discussions in an effort to resolve these matters. This stipulation is based on the following facts:

Whereas, representative plaintiff Kimberly Quaco initiated this shareholder derivative case on behalf of nominal defendant Power Integrations or about April 25, 2006;

1 **Whereas**, in May 2006, representative plaintiff Kimberly Quaco indicated an intent to file
2 an amended complaint. Pursuant to a stipulation signed on May 10, 2006, the parties stipulated
3 that plaintiff would file the amended complaint on or before May 26, 2006 and that defendants
4 would respond to such amended complaint on or before June 26, 2006;

5 **Whereas**, representative plaintiff Kimberly Quaco filed her amended complaint on May
6 26, 2006. At the time of filing, counsel for nominal defendant Power Integrations no longer
7 represented all individual defendants. As a result, service was not completed on all defendants at
8 the same time. By stipulation dated June 22, 2006 (and approved by the Court), the parties
9 agreed to an effective service date and agreed that defendants would respond to the Quaco
10 amended complaint on or before September 12, 2006;

11 **Whereas**, on August 1, 2006, after the parties had set the service and response dates by
12 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of nominal
13 defendant Power Integrations based upon allegations that were virtually identical to those alleged
14 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

15 **Whereas**, on August 31, 2006, nominal defendant Power Integrations filed a motion to
16 extend the time to respond to the Quaco amended complaint until after the motion to consolidate
17 and appoint lead plaintiff was resolved;

18 **Whereas**, on September 18, 2006, Kimberly Quaco filed a motion to be appointed lead
19 plaintiff;

20 **Whereas**, Christopher DeBoskey initiated a similar shareholder derivative case on behalf
21 of nominal defendant Power Integrations on or about September 21, 2006;

22 **Whereas**, the Court consolidated the various actions on September 22, 2006 and agreed
23 that defendants need not respond to the various complaints pending resolution of the motion to
24 consolidate and appoint lead plaintiff;

25 **Whereas**, the Court heard the motion to appoint lead plaintiff on November 6, 2006 and
26 required additional disclosures from the proposed representative plaintiffs before appointing a
27 lead plaintiff;

28 **Whereas**, on or about November 22, 2006, Counsel for Kimberly Quaco proposed to add

1 Geoffrey Wren as a representative plaintiff;

2 **Whereas**, on November 30, 2006, Champlin voluntarily dismissed her action and counsel
3 for Champlin withdrew the request that she be appointed lead plaintiff;

4 **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff
5 and the law firm of Schiffren Barroway Topaz & Kessler, LLP as lead counsel and ordered
6 plaintiff to file a consolidated complaint no later than January 17, 2007;

7 **Whereas**, the Court also set a briefing schedule and required nominal defendant Power
8 Integrations to respond to the Consolidated Complaint within 30 days of service of the
9 Consolidated Complaint and set a hearing on the anticipated motion to dismiss the Consolidated
10 Complaint for failure to comply with the shareholder demand requirement for April 23, 2007;

11 **Whereas**, the Court also continued the date for the various defendants to provide a
12 substantive response to the Consolidated Complaint until after the demand futility motion is
13 heard;

14 **Whereas**, no discovery has occurred yet and defendants contend such discovery is
15 improper under the PSLRA and Delaware law pending a ruling on the motion to dismiss;

16 **Whereas**, the parties desire to engage in informal discovery for the sole purpose of
17 discussing and evaluating a potential resolution of this matter; and

18 **Whereas**, the only scheduled events in this case are the briefing and hearing dates on
19 nominal defendant Power Integrations' motion to dismiss the case for failure of plaintiff to
20 comply with the shareholder demand requirement. No other scheduled dates will be affected by
21 this stipulation.

22 **Now, therefore, it is hereby stipulated**, by and between the undersigned, as follows:

23 1. The deadline for nominal defendant Power Integrations, Inc. to respond to the
24 Consolidated Complaint with a motion to dismiss based on failure to comply with the shareholder
25 demand requirement is extended 60 days from February 16, 2007 to and including April 17, 2006;

26 2. Plaintiffs shall have 30 days to oppose the motion to dismiss, through and
27 including May 17, 2007, and nominal defendant shall have 20 days to reply to the opposition,
28 through and including June 6, 2007.

3. The hearing on Power Integrations' motion to dismiss is hereby continued to June 25, 2007 or such other date that is convenient to the Court (June ____, 2007);

4. The defendants need not file substantive responses, including motions to dismiss, to the Consolidated Complaint until after the demand futility motion is resolved, the date for such responses, if necessary, to be set at the hearing or in the order on the demand futility motion.

5. All other activities in this matter are stayed for 60 days, through and including April 17, 2007, pending settlement discussions.

Dated: February 7, 2007

SCHIFFRIN BARROWAY TOPAZ & KESSLER, LLP

By: /s/ Robin Winchester
Robin Winchester

Lead Counsel for Plaintiffs

Dated: February 7, 2007

COOLEY GODWARD KRONISH LLP

By: /s/ Jeffrey S. Karr
Jeffrey S. Karr

Attorneys for Nominal Defendant
Power Integrations, Inc.

Dated: February 7, 2007

LATHAM & WATKINS

By: /s/ David Friedman
David Friedman

Attorneys for Defendants
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Brathwaite, R. Scott Brown, Balakrishnan S. Iyer, E.
Floyd Kvamme

1 Dated: February 7, 2007

HELLER EHRMAN LLP

2
3
4 By: /s/ Carol Lynn Thompson
5 Carol Lynn Thompson

6 Attorneys for Defendants
7 Derek Bell, Roderick D. Davies, Bruce Renouard,
8 Vladimir Rumennik, Daniel M. Selleck, John Tomlin and
9 Clifford J. Walker

10 Dated: February 7, 2007

HOWREY LLP

11 By: /s/ Leigh A. Kirmsse
12 Leigh A. Kirmsse

13 Attorneys for Defendant
14 John M. Cobb

15 Dated: February 7, 2007

MORRISON & FOERSTER

16 By: /s/ Matthew D'Amore
17 Matthew D'Amore

18 Attorneys for Defendant
19 Robert G. Staples

20 Dated: February 7, 2007

FENWICK & WEST LLP

21 By: /s/ Emmett C. Stanton
22 Emmett C. Stanton

23 Attorneys for Defendant
24 Howard F. Earhart

ORDER

PURSUANT TO STIPULATION, IT IS SO ORDERED.

Dated: February 9, 2007



The Honorable Marilyn Hall Patel
United States District Judge

FILER'S ATTESTATION

Pursuant to General Order No. 45, Section X, Subparagraph B, the undersigned attests that all parties have concurred in the filing of this Stipulation and [Proposed Order].

Dated: February 7, 2007

COOLEY GODWARD KRONISH LLP

By: /s/ Jeffrey S. Karr
Jeffrey S. Karr